



An Overview of the Tennessee Education Lottery Scholarship Program

Tennessee State University

September 10, 2003



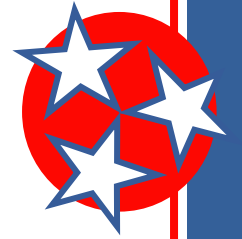
The Importance of Higher Education for Tennessee



- Tennessee is in a national race to develop a knowledge-based society that facilitates competition in the information marketplace. The academic imperative to maximize the achievement of all students must come to the forefront.
- Major gains are unlikely unless higher education works cooperatively with the K-12 sector to ensure that students are prepared for college, educational costs remain affordable, and a greater percentage of students to enter and graduate from college on time.
- By bringing these pieces of the puzzle together, Tennessee will eventually be able to realize a higher degree of performance in a variety of educational, economic, and social categories.



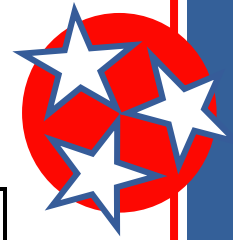
Student Progression



- Several recent studies have highlighted the difficulties that high school seniors have with respect to transitioning through the educational pipeline.
- Less than 60% of high school seniors graduate on time with a degree, and less than 30% receive a bachelor's degree.
- One of the central elements of Tennessee's HOPE scholarship program is to address issues of student transition.



Completion: Cracks in the Pipeline



State	For every 100 Ninth Graders	Graduate from High School	Enter College	Still Enrolled Sophomore Year	Graduate within 6 years
Massachusetts	100	75	52	41	28
Iowa	100	83	54	37	28
Pennsylvania	100	75	46	36	27
Virginia	100	74	39	30	20
Delaware	100	61	36	28	19
Missouri	100	73	39	27	18
North Carolina	100	59	38	28	18
Maryland	100	73	40	30	18
California	100	69	33	22	17
West Virginia	100	75	39	27	15
Florida	100	55	32	23	14
South Carolina	100	51	34	23	14
Tennessee	100	55	34	23	14
Alabama	100	59	34	23	13
Kentucky	100	66	39	25	13
Mississippi	100	56	36	23	13
Arkansas	100	74	39	26	12
Louisiana	100	56	33	22	12
Oklahoma	100	73	36	23	12
Georgia	100	52	32	21	12
Texas	100	62	32	19	11
United States	100	67	38	26	18





Educational Attainment - SREB States

Percentage of Population 25 or Older with a Bachelor's Degree (2000 Full Census)					
	1990	1995	1999	2000	% Change
United States	20.3%	23.0%	25.2%	24.4%	4.1%
SREB States	18.6%	19.9%	21.7%	22.4%	3.8%
Alabama	15.7%	17.3%	21.8%	19.0%	3.3%
Arkansas	13.3%	14.2%	17.3%	16.7%	3.4%
Delaware	21.4%	22.9%	24.0%	25.0%	3.6%
Florida	18.3%	22.1%	21.6%	22.3%	4.0%
Georgia	19.6%	22.7%	21.5%	24.3%	4.7%
Kentucky	13.6%	19.3%	19.8%	17.1%	3.5%
Louisiana	16.1%	20.1%	20.7%	18.7%	2.6%
Maryland	26.5%	26.4%	34.7%	31.4%	4.9%
Mississippi	14.7%	17.6%	19.2%	16.9%	2.2%
North Carolina	17.4%	20.6%	23.9%	22.5%	5.1%
Oklahoma	17.8%	19.1%	23.7%	20.3%	2.5%
South Carolina	16.6%	18.2%	20.9%	20.4%	3.8%
Tennessee	16.0%	17.8%	17.7%	19.6%	3.6%
Texas	20.3%	22.0%	24.4%	23.2%	2.9%
Virginia	24.5%	26.0%	31.6%	29.5%	5.0%
West Virginia	12.3%	12.7%	17.9%	14.8%	2.5%

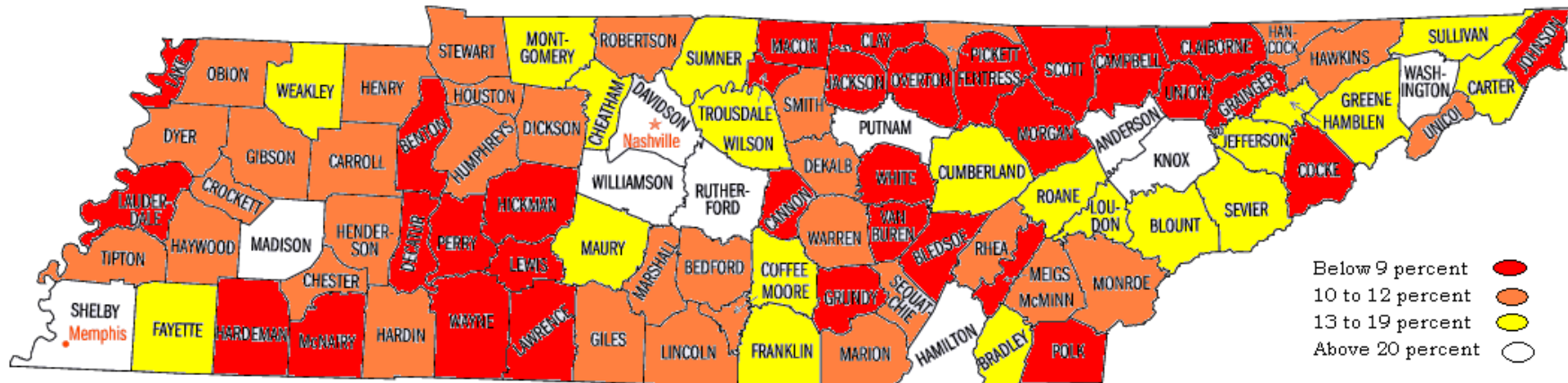
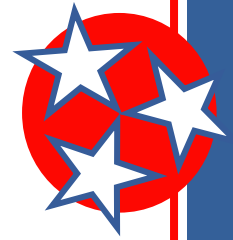
TN ranked 10th in the SREB in 2000, an increase of one position over 1990.

To reach the average attainment level of our border states, we need to create 181,530 additional college graduates

SREB Factbook 2002-03



% of Population with a Bachelor's Degree - 2000



Average for Tennessee in 2000: 19.6%

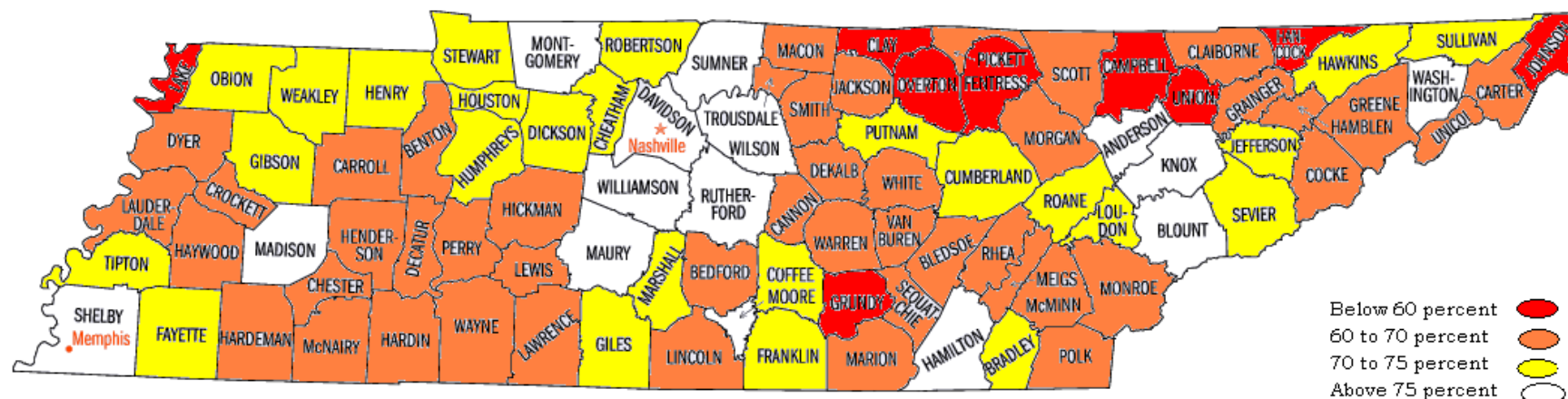
Average for U.S. in 2000: 24.4%

In 75 of Tennessee's 95 counties, 15% or less of the overall population aged 25 and older hold a college degree.

In 41 counties, 10% or less hold a college degree.



% of Population with a High School Degree - 2000



Average for Tennessee in 2000: 75.9%

National Average: 80.4%

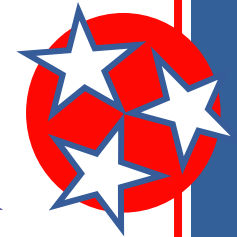
In 30 of Tennessee's 95 counties, less than 65% of the overall population aged 25 and older hold a high school degree.

Only 8 counties in Tennessee are above the national average.



The Progressive Policy Institute

- New Economies Index



STATES BY RANK					
Rank 2002	Score 2002	State	Rank 1999	Score 1999	Rank Change
1	90	Massachusetts	1	82.3	0
2	86.2	Washington	4	69	2
3	85.5	California	2	74.3	-1
4	84.3	Colorado	3	72.3	-1
5	75.6	Maryland	11	59.2	6
8	72.1	Virginia	12	58.8	4
9	70.5	Delaware	9	59.9	0
14	67.6	Texas	17	52.3	3
18	62.7	Florida	20	50.8	2
22	60.1	Georgia	25	46.6	3
26	57.5	NC	30	45.2	4
34	54.1	Oklahoma	40	38.6	6
39	52.2	Tennessee	31	45.1	-8
41	51.1	SC	38	39.7	-3
42	48.6	Kentucky	39	39.4	-3
45	45.9	Louisiana	47	28.2	2
47	45.3	Alabama	44	32.3	-3
48	41.7	Arkansas	49	26.2	1
49	40.9	Mississippi	50	22.6	1
50	40.7	West Virginia	48	26.8	-2

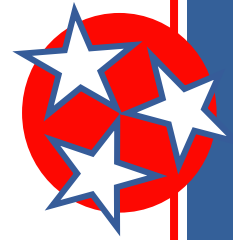
- ❖ TN rank declines by 8 in three years
- ❖ Historically, the economies of states such as TN depend on natural resources, or on mass production manufacturing, and rely on low production costs rather than innovative capacity, to gain a competitive advantage.
- ❖ Innovative capacity (derived through universities, R&D investments, scientists and engineers, and entrepreneurial drive) is increasingly what drives competitive success in the New Economy.



The Tennessee HOPE Scholarship Program



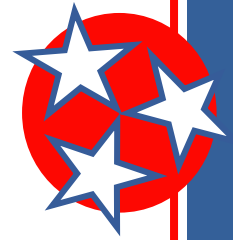
Characteristics of Merit Aid Programs



- GPA and/or ACT requirements
- Limited/no income restrictions
- Award amount equivalent to in-state tuition and fees
- Support for independent institutions
- Best and Brightest
- Improved access to higher education for select students



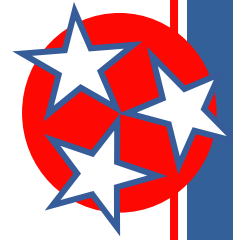
States with Broad Based Merit Aid Programs



- **Alaska** - \$2,750
- **Florida** – 100% tuition and fees plus \$300 for college related expenses, or a comparable amount at a FL private institution
- **Georgia** – Full tuition and fees at public, \$3000 at private as well as \$1045 tuition grant supplement
- **Kentucky** – Up to \$1000 at a KY public or private institution
- **Louisiana** – Full tuition and fees at public, or comparable amount at a private
- **Michigan** – One time award of \$2500 in state, \$1000 out-of-state
- **Mississippi** – Up to \$2500 at a MS public or private institution
- **Missouri** - \$2000 at a MO public or private institution
- **Nevada** – Up to \$1100
- **New Mexico** – Full tuition and fees at public institution
- **South Carolina** – Full tuition and fees at a SC public, or comparable amount at private
- **West Virginia** – Tuition and fees, or \$2709 at an in-state private institution



An Overview of the Lottery Development Process in Tennessee



- Background of the Education Lottery Taskforce
- Deliberations of the Lottery Taskforce
- Initial Taskforce Recommendation
- Final Taskforce Recommendation
- House Bill 787



The Tennessee HOPE Scholarship Program



- Base HOPE Award (3.0 or 19 ACT)
- General Assembly Merit Scholarship (3.75 and 29 ACT)
- Need-based Awards (3.0 or 19 ACT and AGI below \$36,000)
- ACCESS Grant (2.75 and 18 ACT and AGI below \$36,000)
- Wilder-Naifeh Grant (Admission)

All students who graduate from a public, private, or home-school program may qualify for the award if they meet residency requirements



The Tennessee HOPE Scholarship Program

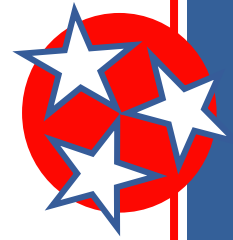


- Base HOPE Award (\$3000)
- General Assembly Merit Scholarship (\$4000)
- HOPE w/ Need-based supplement (\$4000)
- ACCESS Grant (\$2000)
- Wilder-Naifeh Grant (\$1250)

Students must maintain a 2.75 in their freshman year and a 3.0 each subsequent year to retain the awards.



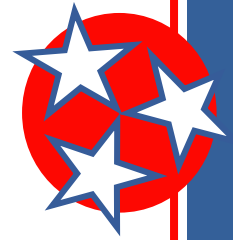
The Impact of the Lottery in Tennessee



- As the program becomes engrained in the mindset of Tennesseans, it will promote greater expectations among families that higher education is in their children's future.
- Higher levels of student achievement throughout K-12 may be anticipated. More students will be graduating from high school, and better prepared high school graduates will enter and successfully complete college in greater numbers.
- The overall education attainment of the state will improve, which will translate into a more diversified and competitive labor force.

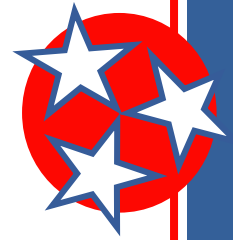


Issues for Consideration



Issues for Consideration

RESIDENCY REQUIREMENTS



- Uniform residency rules for public and private institutions to determine "in-state" or "out-of-state" classifications for scholarship, tuition/fees, and admission purposes
- Tennessee residency for at least one year prior to scholarship application
- Must have moved to Tennessee for the purpose of employment
- The domicile of an unemancipated person is that of his or her parent. Unemancipated students of divorced parents shall be classified "in-state" when one parent, regardless of custodial status, is domiciled in Tennessee



Issues for Consideration ENROLLMENT



- Full-time or part-time status
- May not drop from full-time to part-time in the same semester
- Must remain continuously enrolled in an eligible post-secondary institution
- Such enrollment does not require, but may include, summer semester enrollment



Issues for Consideration

AWARD AMOUNTS



- If net lottery proceeds are insufficient to fully fund the HOPE program, awards will be prorated
- Students encouraged to pursue other financial aid opportunities (federal, state, local, institutional, and private)
- HOPE awards will not be reduced due to other scholarships or grants as long as students' total aid does not exceed the "total cost of attendance" budget
- Part-time students' awards reduced proportionally according to number of hours attempted per term



Issues for Consideration

AWARD AMOUNTS / CRITERIA



Award Requirements	HOPE (base)	General Assembly Merit Scholarship	HOPE w/ Need supplement	HOPE ACCESS Award	Wilder - Naifeh Technical Skills Grant
Amount (4-yr.)	\$3,000	\$4,000	\$4,000	\$2,000	N / A
Amount (2-yr.)	\$1,500	\$2,500	\$2,500	\$1,250	\$1,250
High School GPA overall (unweighted)	3.00	3.75	3.00	2.75	N / A
High School GPA in college core courses (unweighted)	3.00	3.75	3.00	2.75	N / A
ACT	or 19	and 29	or 19	and 18	N / A
Family Adjusted Gross Income	N / A	N / A	\$36,000 or less	\$36,000 or less	N / A
Renewal Requirements					
Cumulative Postsecondary GPA (Freshman year)	2.75	2.75	2.75	2.75	N / A
Cumulative Postsecondary GPA (subsequent years)	3.00	3.00	3.00	3.00	N / A
Credit Hours per academic year	Must maintain continuous enrollment (summer enrollment not required)	Must maintain continuous enrollment (summer enrollment not required)	Must maintain continuous enrollment (summer enrollment not required)	Must maintain continuous enrollment (summer enrollment not required)	N / A
Are Transfer Students Eligible?	Yes, if other renewal requirements are met	Yes, if other renewal requirements are met	Yes, if other renewal requirements are met	Yes, if other renewal requirements are met	N / A
Award limit	5 years	5 years	5 years	5 years	N / A



Issues for Consideration

INITIAL ELIGIBILITY

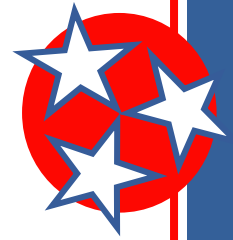


- Receipt of HOPE awards contingent upon admission to an eligible postsecondary institution
- Academically qualifying for the HOPE scholarship does not guarantee admission to an eligible postsecondary institution
- Students must meet all campus application deadlines and criteria for admission prior to the receipt of any form of the Tennessee HOPE Scholarship



Issues for Consideration

INITIAL ELIGIBILITY



- Home school and GED students are eligible if they:
 - Meet all residency, income, application, and admissions requirements
 - Complete high school in a Tennessee home school program or graduate from a high school located in Tennessee that is not an eligible high school

Also, must meet either of the following two testing requirements:

- 23 ACT on any single ACT test date, or
- 1060 SAT on any single SAT test date

OR

- Pass the GED test with an average score of at least 525, and
- 19 ACT score on any single ACT test date, or
- 890 SAT score on any single SAT test date



Issues for Consideration

SECOND YEAR ELIGIBILITY

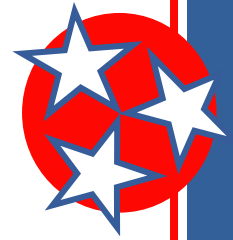


- To be eligible for a scholarship in the second year, a student shall:
 - Meet the initial qualifying requirements
 - Maintain satisfactory progress in a course of study in accordance with federal Title IV standards
 - Complete 24 credit hours
 - Achieve a 2.75 cumulative GPA
 - Apply for and receive a Tennessee HOPE scholarship during their freshman year
- This year's freshman class at TSU is eligible to receive the awards next fall if they maintain these criteria.



Issues for Consideration

RENEWAL ELIGIBILITY



- Achieve a 3.0 cumulative GPA at the following checkpoints: 48 hours, 72 hours, 96 hours, and 120 hours (if necessary)
- Exceptions to the 120 credit hour cap will be made for programs that require additional hours (e.g., engineering)
- *Once students become ineligible cannot regain awards*
- Remain continuously enrolled and in good standing with postsecondary institutions
- Awards limited to five (5) years after the date of initial scholarship receipt



Issues for Consideration

HOPE CUMULATIVE GPA



- All HOPE-eligible postsecondary institutions must calculate a unique HOPE cumulative GPA (to the hundredth decimal, e.g., 3.01) to determine renewal eligibility for HOPE awards
- HOPE GPA must be calculated by the institution the student is attending and must be based on all courses attempted after high school graduation
- Credit hours not included in the HOPE cumulative GPA:
 - Hours earned by examination (e.g., AP)
 - Hours attempted as part of a diploma or certificate program of study, unless those hours are accepted toward a degree



Issues for Consideration

HOPE CUMULATIVE GPA



- All other college credit hours attempted (hours attempted while seeking a degree) at all postsecondary institutions the student attended and their corresponding grades must be included in the HOPE cumulative grade point average, regardless of what hours are accepted by the institution the student is currently attending.
- Courses that were repeated or “forgiven” by the institution must be included in both the HOPE GPA calculation and the calculation of total credit hours.
- Students who obtain a grade change should notify the financial aid office within 30 days of the grade change. If the grade change makes the student eligible for HOPE, the student can be awarded retroactively in the current award year.



Issues for Consideration APPEAL PROCESS

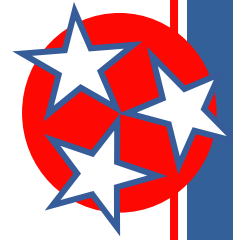


- A student who fails to meet the renewal requirements may receive a renewal of the HOPE Scholarship by an exception if special conditions caused the student's postsecondary cumulative grade point average to fall below the required average.
- These special conditions may include a serious and extended illness or injury that adversely affected the student's grades. Such illness or injury must be verified by a physician's report that includes details regarding the duration and extent of the student's disability.



Issues for Consideration

APPLICATION PROCESS



- All students must submit the Free Application for Federal Student Aid (FAFSA) www.fafsa.ed.gov
- Renewal students must submit the Renewal FAFSA
- FAFSA available beginning January 1
- No additional application required
- Priority given to applications received by May 1
- Students may earn or lose GPA eligibility after spring semester of senior year in high school
- Students on the GPA borderline should apply before May 1



Issues for Consideration

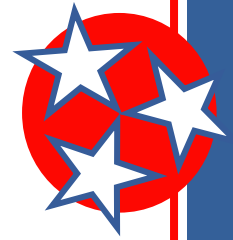
HIGH SCHOOL REPORTING PROCESS



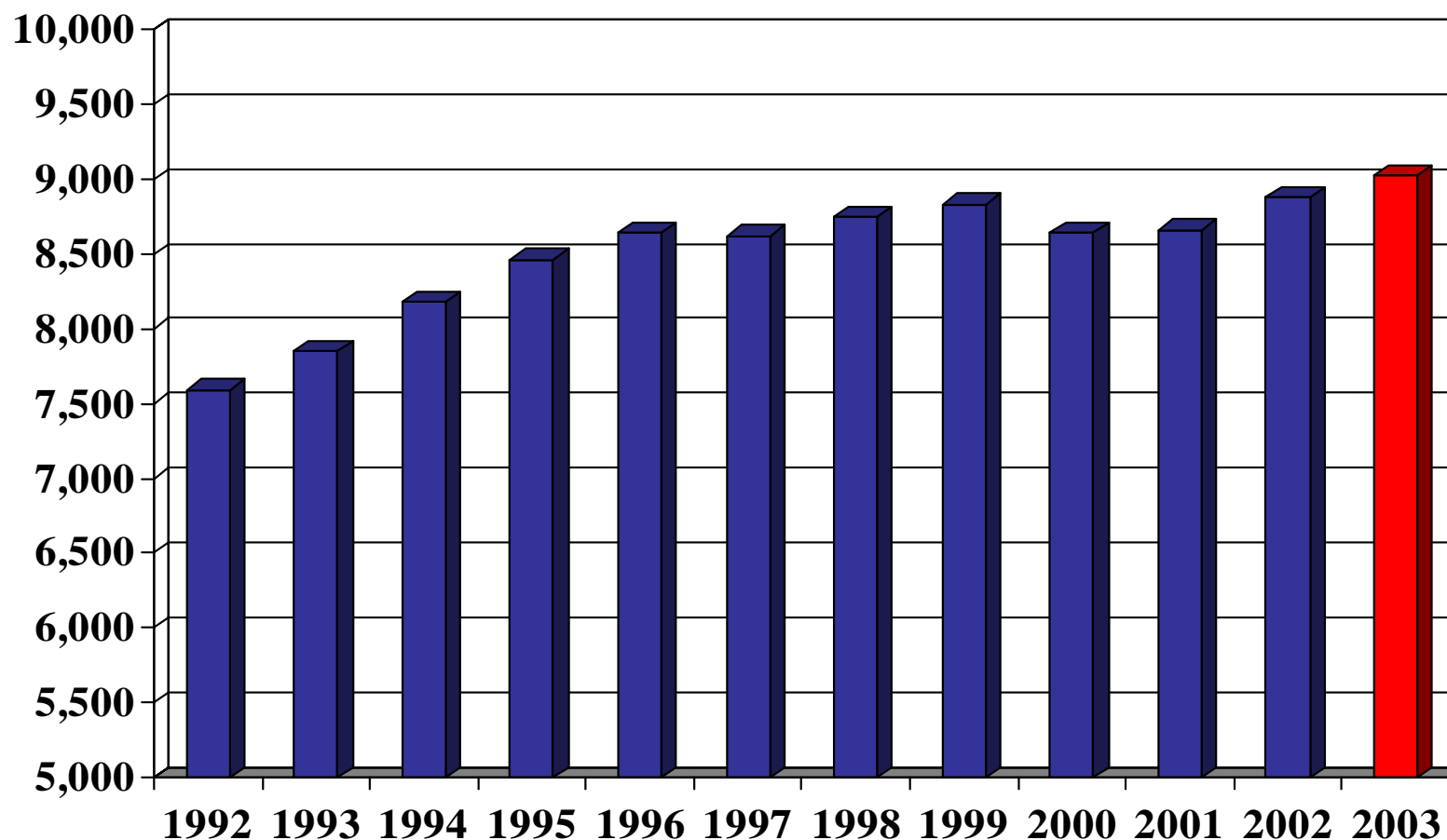
- High schools submit un-weighted overall and college core GPAs through seventh semester to TSAC by March 1
- TSAC notify students of potential eligibility
- High schools submit un-weighted overall and college core GPAs through eighth semester to TSAC by June 30
- TSAC notify students of the amount of their awards



Impacts on Tennessee State University



Overall Enrollment at TSU

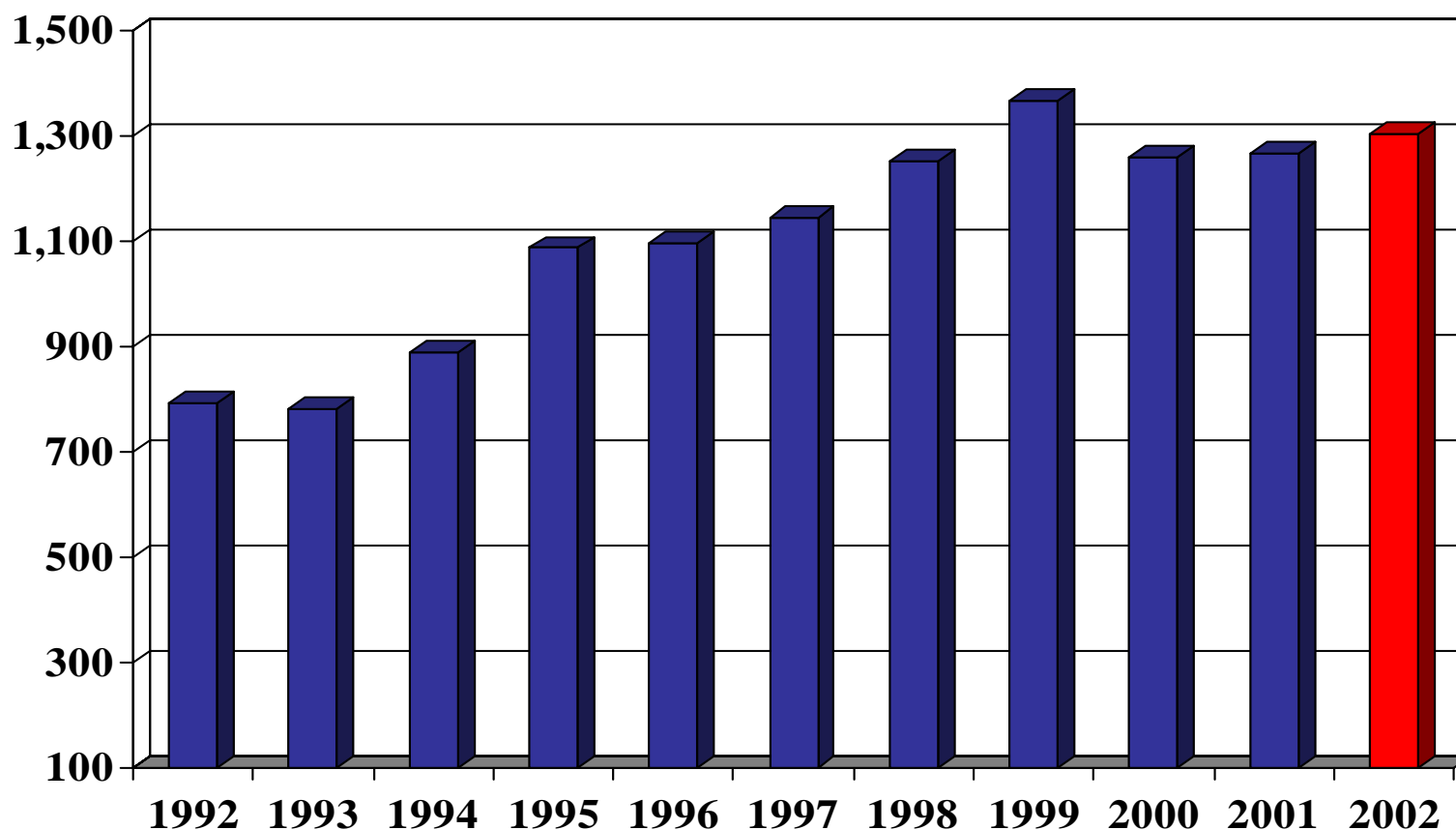


Total headcount for 2003-04 (non-verified): 9,024

From 1992 to 2002, overall enrollment at TSU increased 17 percent.



Freshman Enrollment at TSU



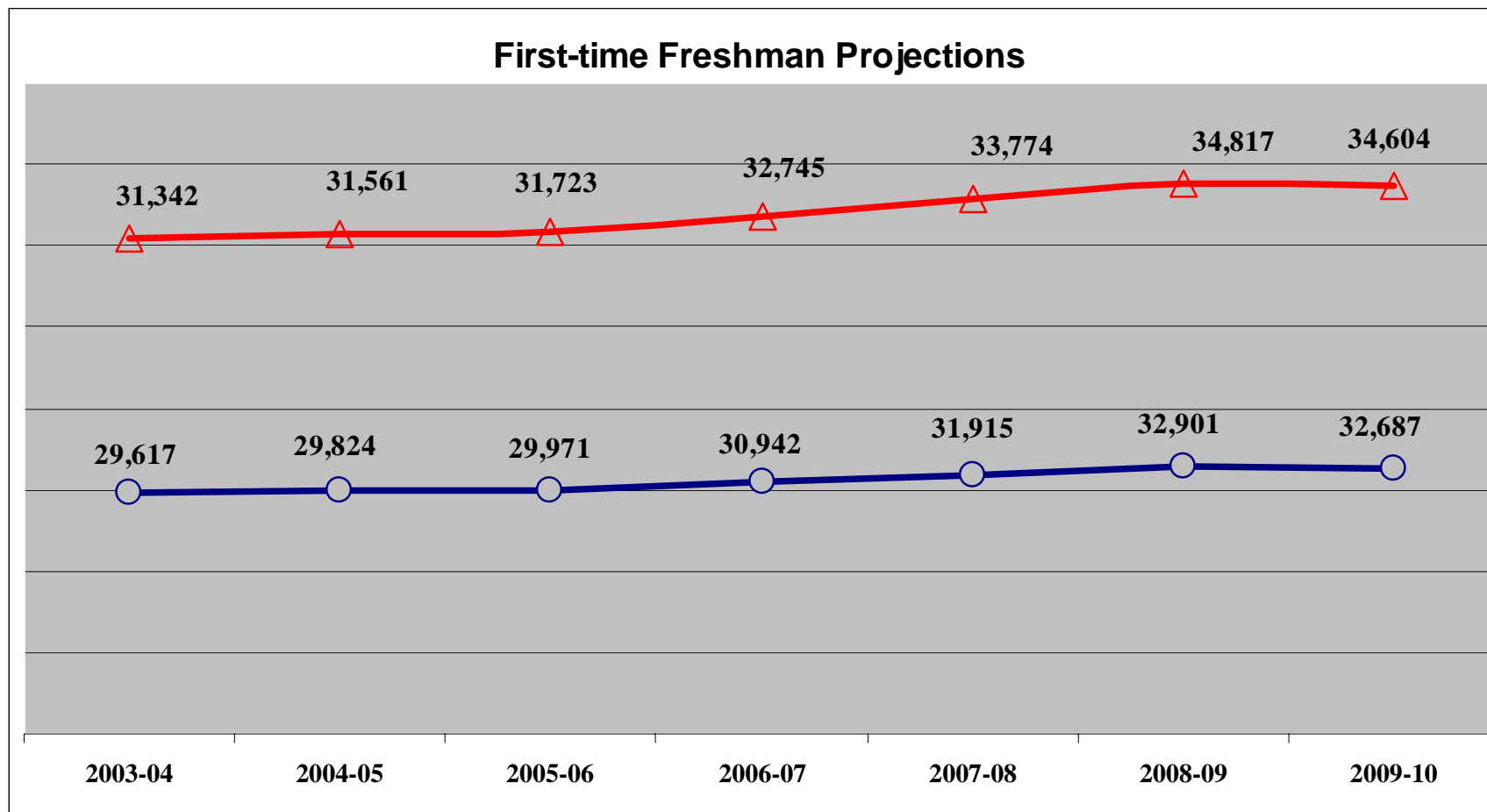
Total FTF enrollment in 2002: 1,304

First-time freshman headcount has increased 64.9% over fall 1992,

Of these students, approximately 70% will qualify for some form of lottery assistance.



The Tennessee HOPE Scholarship Program



The Lottery Scholarship program will yield a nine percent increase in first-time freshman attending post-secondary education in Tennessee.



Strategies for TSU



- Outreach to existing freshman attending out-of-state institutions. For example, there are presently 354 Tennesseans from Davidson County attending Western Kentucky University.
- Increase outreach efforts in “high yield” counties and high schools.
- Increase efforts to attract transfer students from NSCC and VSCC.
- Couple existing scholarship opportunities to attract highly qualified students.



Transfer Enrollment at TSU - 2002



Students transfer to TSU from

<u>Institution</u>	<u>Number of Students</u>
VSCC	113
NSCC	103
MTSU	38
CoSCC	17
STCC	13
Out-of-state	203



Strategies for TSU



- Increase retention and graduation rates
- Recruit in-state students who would potentially attend out-of-state HBCU's.
 - Five of the 20 top out-of-state destinations for Georgia students are HBCU's (e.g., Florida A&M, Alabama State, Tuskegee University, Alabama A&M, and Hampton University). Between 1992 and 1994, enrollments of Georgia freshmen at these five institutions dropped 34 percent.





Questions/Concerns?



